



“Venus Pipes & Tubes Limited Q1 FY-24 Earnings
Conference Call”

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MODERATOR: **MR. PALLAV AGARWAL – ANTIQUE BROKING**

Moderator: Ladies and gentlemen, we welcome you all to Q1 FY24 Earnings Conference Call of Venus Pipes & Tubes Limited hosted by Antique Broking.

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As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pallav Agarwal from Antique Broking. Thank you and over to you sir.

Pallav Agarwal: Thank you Neerav. Good afternoon, everyone. A very warm welcome to everyone for the Q1 FY24 earnings call for Venus Pipes & Tubes Limited. Today we have with us Mr. Arun Kothari – the Managing Director and the CFO, Mr. Dhruv Patel – the Whole Time Director and Mr. Kunal Bubna – the President (Finance & Accounts) and we also have Mr. Stefan Muller, who is the marketing representative for Venus Pipes & Tubes for the European markets.

We will have the opening remarks from Mr. Arun Kothari, followed by Mr. Stefan, who will be brief us on the on-ground situation and operations of Venus Pipes in the European markets. Following which Mr. Kunal Bubna will discuss the operational and financial performance for Q1 FY24. Please note that Mr. Stefan will be on the call only to give his opening commentary. And rest of the Q&A session will be addressed by Mr. Arun.

Thank you and over to you Arun sir for your opening comments.

Arun Kothari: Good afternoon everyone. To begin with we have uploaded our Q1 FY24, “Investor Presentation” on stock exchanges and Company’s website and I hope you had an opportunity to go through the same.

I will give a brief update on the quarter gone by, post that will talk about our strategy for FY24 and beyond. If I look back FY23 was a special year for us, we came up with an IPO and raised fund for expanding our facilities. Since then there has been no looking back we had a robust financial performance in FY23 and achieved highest ever Revenues, EBITDA and PAT aided by favorable government policy and macro environment in the country. We enter in Q1 FY24 with great enthusiasm and commence commercial production for our plant capacity expansion of seamless pipe and welded pipe. Alongside we have also commenced commercial operation for backward integration of the seamless pipe, production of Mother Hollow Pipe. We now are

up and running with full capacity of the 33,600 MTA and with the CAPEX India booming and improving geopolitical environment, we are optimistic of demand scenario going forward.

Talking about the Indian economy:

India continues to remain in a bright spot on the globe reports by various agencies, expect the worst GDP growth to be around 3.5% while India is expected to grow by 6.5% largely lead by government focus on manufacture sector with initiatives such as PLI and Make in India. We believe that these initiatives will act as a catalyst to the upstream CAPEX cycle and manufacturing capabilities. In capacity creation will happen across industries. The result of this forecast is largely visible with India's PMI being above 55. Speaking on the stainless-steel industry. Overall, the stainless-steel pipes and tube industry is experiencing a structural shift from unorganized to organized player on the back of addition of anti-dumping duties by the government in seamless pipe compulsion of the BIS certification in a stainless-steel pipe industry more focused on customer quality and reliability of the product by consumers.

Coming to Venus:

I would like to give a few important updates. As we are seeing high capacity creation across industry, we are optimistic of the demand scenario going forward and hence we will be adding further capacity of 4800 MTA of the seamless pipe in next six month. We recently commissioned our LSAW plant for manufacturing welded pipe. This LSAW plant was initially proposed to manufacture pipe up to 48 inches Dia. However, we have enhance our capability and now this can be manufactured by up to Dia 56 inches. This will increase our SKU offering. A few modifications have been done in the installation of the Piercing line for manufacturing of Mother Hollow Pipe which will lead to higher operational efficiency of the mill and will ultimately lead to an increase in production efficiency. This will ensure the majority of our requirement of Mother Hollow Pipe for in-house manufacturing of the seamless pipe will be catered through these capacities. The total capital outlay for this external should be in the range of 40 to 45 crore and will be funded from internal accruals.

Speaking on the Q1 FY24 performance, our revenue from seamless has increased almost 150% on year-on-year basis on account of higher demand by customer for seamless pipe across industry. We were able to generate higher revenue from this segment due to our high quality reliability and in-house manufacturing capability and trust for Venus brand in the market. Revenue for welded pipe stood flat primarily on the back of the reduction in the raw material prices, which is passed through in our industry. Having said that, our volume growth was healthy for our welded pipe as well. Our own blended level if you see the volume growth has been in the range of 70% on a year-on-year basis and 25% on quarter-to-quarter basis.

Speaking on the "Financial Performance":

We are happy to report that we have been able to achieve our highest ever revenue and profitability for Q1 FY24. Our revenue for Q1 has been increased by 58.1% for quarter one FY24 on year-on-year basis. While our EBITDA show an increase of 91.7% on year-on-year basis. I would like to highlight that our EBITDA margins show a significant improvement largely attributed to higher sales from seamless pipes, which is a high margin product and also because of our backward integration of the Mother Hollow Pipe. With our consistent supply of the high quality products on timely basis, we have been able to increase our share of sale to direct domestic customers to 68% in Q1 FY24 as compared to 55% in Q1 FY23. This is testimony of our product quality and trust in the brand Venus by our customers. Export sales for Q1 FY24 was down primarily on account of use of imported raw materials for manufacturing of seamless pipe. However, we have commenced our manufacturing of the **Piercing** line as a strategy of backward integration to manufacture the Mother Hollow Pipe. With this backward integration, we believe that export revenue should see a huge up stream going forward. We also continue to participate in multiple fairs and exhibition across the globe to display our wide range of products and our manufacturing capability for increasing our brand products in the export market. We have been receiving positive responses in enquiring, giving us confidence to improve our penetration and achieve targeted export. Stefan on the call will give you more updates on our export market, especially in the European market and our strategy around it.

Overall, we are well positioned to capture new market for the strong partnership and continue to raise the bar in terms of product experience and customer satisfaction. I now hand over the call for Mr. Stefan Müller, who has been associated with Venus Pipe for more than a year and a half now. He is the marketing representative for Venus in the European market. Stefan has experience over a decade in this industry with a strong network in customer relationship across the European market. Over to you Stefan.

Stefan Müller:

Thank you Arun and hello to everyone. I will begin by giving some short overview on the current economic situation in Europe. And will move on to talk about operations and opportunities for Venus Pipe and Tube in the European market.

As you all remember over the last 24 months Europe has faced numerous challenges that have impacted its industries and of course its economy. About the geopolitical tensions, disrupting the demand and consumption we have face higher inflation on account, increasing interest rates and we have energy prices which have been revised as 3x higher of what it was pre-COVID period. To add to this Europe is facing a labor crisis, missing people, cost of labor has increased multiple fold in the last two to three years. All this have caused significant challenges for local European manufacturers in this market to sustain and expand the capacities. In fact the smaller unorganized players which small manufacturing facilities are facing I will say even survival challenges. The local manufacturers in Europe have not made any significant investments in expanding their technology and capacities over the last years. This opens up a huge opportunity for an organized manufacturer like Venus, who has developed its capabilities over time in terms

of product portfolio, quality, SKUs, certifications and technology, which is one of the best in the industry.

Talking about Venus, the Company marked its presence in Europe markets for more than five years now. During this initial phase, Venus, as a brand improved its market presence by serving customers with quality products. The way the industry works is when a new player enters in the market, there's a gestation period involved, and customers placed trial order before handing out larger ones. Probably now, this gestation period is largely over and the Company is now receiving full-fledged big orders from customers. And the order book and pipeline looks very robust. This evidence of Venus' ability to quickly establish a strong brand, a strong retail brand thanks to its timely and high-quality product offerings. The Venus success in the European market can also be attributed to its collaboration, distributors, retailers with focus on a high value products by catering to specialized needs and delivering exceptional customer service, Venus has gained a competitive advantage over more competition. Additionally, the Company's backward integration of production of Mother Hollow Pipes for seamless pipes have filled the increasing acceptance of the Company products.

The demand if taken at the terms of demand scenario on account on the energy crisis pertaining in the European currently, all the existing heat exchangers systems are mostly seeing developed. This will benefit Venus as the Company manufactures stainless-steel high precision and heat exchanger chips. Demand from offshore oil and gas companies as well Pharmaceuticals will grow for the seamless and welded pipes. Going forward, Europe will provide multi fold opportunities for prominent stainless-steel pipe manufacturers like Venus, who are known for quality and will play an important role. Venus has strategically present itself to capitalize on its strength and safe emerging opportunities making a formidable manufacture in the stainless-steel pipes and tubes in Europe.

Now I will hand over to call to Mr. Kunal Bubna – President (Finance and Accounts) to take you through the operational and financial highlights of the quarter. Thank you for listening.

Kunal Bubna:

Thank you, Mr. Stefan. Good afternoon everyone and a very warm welcome to our earning conference call. We are happy to report that our Company has yet again reported higher quarterly revenue EBITDA and PAT in Q1 FY24. On the revenue front for Q1 FY24 stood at Rs.179.6 crore as compared to 113.6 crores in Q1 FY23 growth of 58.1% year-on-year basis.

Revenue bifurcation for the counter were 34% for welded, 62% from seamless and 4% from other sales. Sales from seamless pipes increases by 150% in Q1 FY24 the growth in the seamless was bagged by robust volume growth. Sales from welded for Q1 FY24 stood at Rs.60.8 crore as compared to Rs.60.3 crore in Q1FY23. Sale for welded pipe was flat majorly on account of dip in the RM prices as compared to Q1 FY23. If we further analyze we have witnessed a double digit volume growth on a YOY basis.

Our direct domestic sale to brand are up 95% year-on-year in Q1 FY24, sharing of revenue from direct domestic customer has increased to 68% in Q1 FY24 from 55% in Q1 FY23. As mentioned earlier export market has seen temporary reduction in sales due to use of imported RM in manufacturing of Seamless Pipes. However, with the new capacity operational now, we believe we have a huge remedy for the growth in export market going ahead. EBITDA, on the EBITDA front EBITDA stood at Rs.27.6 crore for Q1 FY24 as against 14.4 crore in Q1 FY23 a growth of 92%. EBITDA margin for Q1 FY24 stood at 15.4% as compared to 12.7% in Q1 FY23 a growth of 270 basis points. PAT for the quarter stood at Rs.17.4 crore as compared to Rs.9.1 crores Q1 FY23 and Rs.13.5 crore in Q4 FY23, a growth of 91% year-on-year and 29% Q-on-Q.

. Further, we at Venus strive to increase our market share by addition in the product portfolio, expand the client base and serve the existing clients better.

With this I would like to open up for Q&A round.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kunal Kothari from Centrum Broking. Please go ahead.

Kunal Kothari: Sir, my question is related to what will be the current order book and how we see the exports turning going forward and what is the reason that from the last couple of quarters we having such a dull export sales?

Kunal Bubna: Yes, basically the order book is around 200 odd crore as on date and further from the perspective of export as we said earlier also and the Chinese imported raw material are not accepted by the European manufacturer so that has been holding up to export in more quantity. But as you know we have started the backward integration of Hollow Pipe that is in-house manufacturing of Hollow Pipe by putting a Piercing technology so, that has started from 24th of May and this will really help us to penetrate the export market and out of this 200 crore of order book we have around 35 to 40 odd crore from export order book. So, in the coming quarters to come there would be definitely there will be more penetration towards the export side.

Kunal Kothari: Okay, great. And second question is, as we have expanded our capacity with much value added product portfolio, so compared to our traditional area of sales, where we see our business expanding further like we are entering into new segments, new customer base and new geographies. So, can you just throw some light on the strategy going forward, how are we expanding our reach and achieve our sales targets?

Management: See basically, if you see the predominant sector what we have been charting earlier was chemical and engineering so it will definitely always form a good pie of our total contribution, but we have been expanding to pharmaceutical, food processing, oil and gas, these are the few other

sector along with fertilizer, food processing and all in ways that will be further added up going ahead with this entire SKUs of higher sizes and all being made up going ahead.

Arun Kothari: Further Kunal, we have read recently again there is very good demand is coming from the railway sector. So, we had already started supply to a number of companies who are manufacturing the wagons. So, there is a very good demand coming from the railway sector also. So, this sector also has been added in the last quarter now.

Kunal Kothari: Okay. And lastly sir on LSAW as it's a new product portfolio that we added. So, which sector does it will cater to?

Management: Mainly it will go in the, there will be very demand right now in the coming from India as water sector or it will go in the oil and gas also. Some part will also go in the chemical sector also, some part in fertilizer sector. So in all the sector we are already catering to number of customer.

Moderator: Thank you. Next question is from the line of Dhruv Jain from Ambit Capital. Please go ahead.

Dhruv Jain: So sir I have a couple of questions. So, one was that in your investor update you mentioned that you've seen a decline in realization in the welded segment and that's why revenue is flat. So can you just let us know what was the quantum of decline please?

Kunal Bubna: It was in the range of 13% to 15%.

Dhruv Jain: Okay. And sir with respect to the order that you mentioned, if you could just let us know what's the percentage of your stainless or seamless pipes and a thumb rule if you should think that as a percentage of the overall CAPEX, what your customer is doing, what would be that quantum in terms of say, the seamless office, the welded pipes?

Management: Basically in volume term, 55% to 60% would be welded and balance would be seamless pipe.

Dhruv Jain: Okay. So I was talking more from a, say for example if your project size is x, so what will be the quantum of the seamless or the stainless pipe as a percentage of the overall project size that your customer might be incurring, if there's a calculation that you have done?

Kunal Bubna: No, it's really very tough to give, because it depends how big is the site, how many internal pipe is in the premises, there are a n number of factors which plays into it. So giving any fix figure of, any percentage would be really tough for us.

Dhruv Jain: Okay. And since we have Stefan also on the call, so just had a question for him as to how has been the acceptability of the Indian seamless and stainless pipes and how has that acceptability changed over the last two or three years. And in case, because you guys are looking to export, in a big way in the future, what's the sort of regulatory barriers that have been created, any color would be appreciated there sir. Thanks.

Kunal Bubna: See, if you see we have been exporting to Europe for more than a five year and it had been around 10% of total export volume in FY21. But from FY22 and post that we have been facing challenge because of the Chinese raw material. So, the acceptability of Indian made seamless pipe and also through the piercing were highly acceptable in Europe. There are no such we have found any client coming up with any specific demarcation between piercing or any other technology in Europe till date, it's widely accepted and again seeing the prices and other factors which give because of that the prices are on a higher side what the European manufacturers sell this as compared to Indian goods are price should give also as a competitive advantage to penetrate those markets.

Moderator: Thank you. Next question is from the line of Sneha Talreja from Edelweiss Financial Service. Please go ahead.

Sneha Talreja: Sir just two question from my end. Firstly just wanted to understand about the new capacity additions that you are taking place, if at all you could just give us some light in the seamless side, just after increasing your capacity by 3x what is giving you confidence to increase the capacity further, where are we right now in terms of expanded capacity and how do we see the utilization rates ramping up from previous year?

Kunal Bubna: See, basically for seamless as you said that all the capacity has all been installed and started on the front of seamless we are working on a 62% to 65% utilization level and on the front for Hollow Pipe manufacturers around 55% till last quarter, the utilization level and for welded the new capacity for welded that is by high dia tube mills and the LSAW which is recently started on 21st of July that has been working around 25% to 30%. So the reason for expanding in seamless steel we have been seeing good amount of traction post antidumping and all, for seamless and many of the users are also shifting though it's costly one seamless but they are also shifting because it can withstand more pressure and competently more quality wise when using it in your process. So we found increasing it and you have seen our seamless turnover had been increasing both in the form of value and volume. So, that gives us an utmost confidence to increase the capacity around 50% for seamless going ahead. And as we said you earlier also, we will also be trying to work on the smaller size of tubes which will also give us a higher, it's been more of a value-added product also and will also give us a higher margin going ahead.

Sneha Talreja: Sure sir. And what is the utilization going ahead, how are you seeing that scaling up?

Kunal Bubna: See we are targeting for FY25 around both welded and seamless to be around 70% of this 33600.

Moderator: Thank you. Next question is from the line of Nirav Shah from GeeCee Investments. Please go ahead.

- Nirav Shah:** Two questions sir. We are expanding our seamless capacity by 50% and through some efficiency levels we are also increasing the piercing mill capacity. So, will it continue to match on an expanded capacity basis?
- Kunal Bubna:** We are trying to match but we believe, but it will not 100% match with that.
- Nirav Shah:** Okay. So till we operate at 85%, 90% it should be okay, we should be sourcing everything internally?
- Kunal Bubna:** Those level we would be able to try achieve going ahead, but it will take a few more months for us to do those entire production and come up with those answers.
- Nirav Shah:** Got it sir. And the second question is, you've just mentioned you are targeting around 75% utilization for FY24?
- Kunal Bubna:** 70% yes. 70% on the total 33600.
- Nirav Shah:** Because that number we have guided earlier at 60% capacity. So we are kind of slightly upping our guidance?
- Kunal Bubna:** Yes. Keeping all if you see in the first quarter volume growth and also, the last quarter. So, we believe there are a good amount of upscale in the market from the penetration level order book, so we believe we will be able to take it to 70% in FY24.
- Nirav Shah:** Got it and during the quarter the volume growth was how much sir, blended basis?
- Kunal Bubna:** 25%.
- Nirav Shah:** 25% that was sequential?
- Kunal Bubna:** Q-on-Q.
- Moderator:** Thank you. Next question is from the line of Sahil Sanghvi from Monarch Network Capital. Please go ahead.
- Sahil Sanghvi:** My first question is that, now once this 400 tonnes a month of new seamless capacity will be commissioned, we will have half of the capacity, we will have around 14,000 tonnes roughly annually coming from seamless and 24,000 tonnes from welded. That means we will be higher on the high margin product in our portfolio. So can we do more better margins from what we have guided now?

- Kunal Bubna:** See, basically this seamless would be coming in the coming six months so it would be more of the end of this financial year. So, what we have guided around on a blended basis 30% up in the margin. So current year definitely added capacity will come into **last quarter** of this year.
- Sahil Sanghvi:** It will come in when sorry?
- Kunal Bubna:** Six months that will be in **Q4FY24**. I had to say it will come in Feb and not much of this add this year, so it's better to take the guidance 30% on a blended basis increase in EBITDA for FY24.
- Sahil Sanghvi:** And sir my question was more of on a full utilization basis. If whatever capacity we commissioned including the new seamless that you announced yesterday, as a complete portfolio we will have higher proportion of seamless, compared to what you had announced before so largely guidance remains the same?
- Arun Kothari:** Yes, for the seamless segment. In overall basis our utilization will be around 70%, but in seamless segment we are expecting that we will be able to utilize almost 85% to 90% installed capacity, other new capacity will ramp up mostly in the last quarter of the FY24. So new capacity addition we can expect that for the last quarter we will utilize some of the capacity in last quarter of the FY24.
- Sahil Sanghvi:** Got it sir. And my second question would be, what will be the revenue potential of this complete capacities that you've announced and everything, including the 400 million per tonne of seamless, what could it be the revenue potential sir?
- Arun Kothari:** From all this capacity we can see after upside revenue, compared to the FY23 we can see growth of almost 2.5x from the compared to FY23.
- Sahil Sanghvi:** 2 to 2.5x?
- Arun Kothari:** Yes, 2x to 2.5x, depends on the segment which segment we will cater because there is some grade also. So, if you manufacture the higher grade pipes so then there revenue may increase, or almost minimum 2x revenue potential minimum is there, it can be achieved up to 2.5x.
- Moderator:** Thank you. Next question is from the nine of Vikas Singh from PhillipCapital. Please go ahead.
- Vikas Singh:** Sir just on the immediate term, I just wanted to understand if I look at your number, then this quarter seamless has done significantly well while welded has been kind of the package. So, is it going forward when your welded capacity just start to ramp up, are we expecting any dilution in margins or this kind of the margins we would be able to maintain?
- Kunal Bubna:** See, basically for seamless it's basically not in percentage basis but this is a margin basically, our EBITDA per kg what we see. So, there will be no dilution in the margin individually welded

or seamless, it will for both welded and seamless it would be increasing going ahead also and proportion wise will definitely seamless also on a higher side in value terms of 60%, 62% but again definitely as and when this welded come volume wise if we see it will be 65% to 70% welded and 35% around, 35%, 40% for seamless.

Vikas Singh: Understood sir. Sir my second question pertains to LSAW mill, if I compare to some of our competitor our LSAW mill size is usually very small and oil and gas usually demands for a larger capacity kind of the mill. So, just wanted to understand what was the thought process here or we have a plan to get into further larger capacities of LSAW and then HSAW in our future course of time?

Arun Kothari: Vikas for oil and gas sector, so in SS pipe segment we had the LSAW facility up to 56 Dia size pipe, previously it was plan up to 48 inch Dia size, in almost all the largely what all quantity is consumed in the oil and gas sector is mostly up to 56 Dia size of the pipe. We can serve more than 80% is the quantity up to 56 inch Dia size of the pipe. So, we will be easily capable to supply to oil and gas segment, because we can able to manufacture up to 56Dia, 80% of the total requirement of the oil and gas sector whatever they require.

Vikas Singh: So, I was more talking about the tonnage business, our capacity seems to be pretty small vis-à-vis competitors, so that's what I was catering to?

Arun Kothari: Vikas if you see in the quantity basis, in the SS pipe segment in all the other our competitors is also having LSAW of almost this size of level, this is SS pipe segment. The other players who is having bigger, more LSAW facility will be in carbon steel and other products. In India almost all LSAW plant which is having the segment in the SS pipes industry, they are having capacity in tonnage almost equal to us only.

Vikas Singh: This is purely SS pipes?

Arun Kothari: Yes, purely SS.

Moderator: Thank you. Next question is from the line of Shivam Vashi from Inga Ventures. Please go ahead.

Shivam Vashi: Sir just want to understand we have a piercing, Venus has a piercing line as manifest for the Hollow Pipes, vis-à-vis the extrusion, how is the market shaping up in terms of product acceptability, is the customer do demand for extrusion or no, they find piercing types are now more acceptable in the market. Can you just throw some more light on it?

Kunal Bubna: See, generally what we are seeing is customer specify is a standard what they **specify** is not the technology basically what they're harping on. So generally what we find 90% to 93% around 90% is acceptable as a piercing technology. There can be few brand difference or other very sectors where the specific demand for extrusion are there, but if you see as I said the majority

are very comfortable with this technology basically they specify the standards of manufacturing pipes.

Shivam Vashi: The fact that you know, piercing line seems to be when we see with our competition, because of piecing we are having a better asset turn is this competition where in the extrusion line have a global asset turn. So, if the competition is going towards that as well. So, just want to understand, how large is the market size for both peers in an extrusion, you know piercing is now growing out laying extrusion in terms of acceptability. So, hence, the Venus will be sticking to its piercing line only.

Arun Kothari: Shivam for the extrusion or piercings, we cannot able to define what all capacity in the market required from the extrusion, or piercing but whatever we have observed since in last five years in the market acceptability of the piecing product as well as the external product is almost at the same level. There is a very few industry in the Indian which demand particularly if any quotation, any inquiry come from the any buyer, they never ask you what all should be from the piercing or what all should be from the extrusion. They simply ask for seamless pipe. So, almost in the 95% of the seamless demand in all over India as well in the global level is the piercing product that is acceptable. Some of the 5% we can say whoever demand products from the extrusion, so right if any competition will come from the extrusion segment because in market the quality is both the product quality is accepted, piercing product is also accepted in the international market as well as domestic market in any type of industry. So, we don't foresee any competition will come due to reason of the extrusion of piercing mill, it depends on you get the minor better margin because in India or in globe, very few players are selling the extrusion facility, you can get slightly better margin on the external facility. So right now, we are not much able to define how much capacity is required in piercing or how much in the extrusion.

Shivam Vashi: Right, sir. So, basically given the kind of flexibility that is coming in the front piercing through Hollow. So, we are very much well placed, the acceptance will be fine for us to serve this market with a lower, lower CAPEX?

Arun Kothari: Yes, we are very hopeful.

Moderator: Thank you. Next question is from the line of Hrishit Jhaveri from Pi Square Investments. Please go ahead.

Hrishit Jhaveri: So you guided that the order book currently standards around 200 crore, so it is executable in next one quarter?

Kunal Bubna: Yes, it's more or less for 90 to 100 days only.

Hrishit Jhaveri: Okay. And your guidance for 2x to 2.5x revenue that we expect by FY25?

- Kunal Bubna:** See the endeavor will always be there to achieve it by FY25.
- Hrishit Jhaveri:** Okay. Sir, with you being concentrated in the chemical industry, currently the industry is facing some headwinds with around 40% to 50% utilization, we see that as a risk for Venus as a brand?
- Kunal Bubna:** Definitely chemical form a good chunk, but again we supply to 10 to 12 other sector also and also form a good pile of our total order book and all. And that's why we have been expanding to other sectors, extending to other part of the country and we are also trying to penetrate ourselves in export markets. So that's why you want to hedge it in a way. So that this sector being affected as you said like chemical affected, we are not affected much by that.
- Moderator:** Thank you. Next question is from the line of Harsh from Kriis PMS. Please go ahead.
- Harsh:** I had couple of questions, one for expanding domestic market as you increased the guidance also, so we are seeing our market growing faster or is that we are confident that you would gain share from the other set of players or is it a combination of both that the additional capacities would get absorbed quicker this year?
- Kunal Bubna:** Definitely, it will be combination of both, time as I said by targeting other sector also. We are also targeting other parts of the country. And we are also targeting a good amount in export market. So it's basically a mix of all this combination, which gives us a confidence that we will be able to achieve the target number what we have said.
- Harsh:** Got it perfect. And just one more question apart from Europe, do we have any other big market where, we can look to explore and like we have an advantage in Europe, some other country, et cetera where we can target in future?
- Arun Kothari:** Yes, definitely. We have other country also in our target. So we are exploring opportunity, so in each country we can focus there's a very good demand come from the United States also. Demand comes from Africa also. But right now we are in the export market we are have more focus in Europe. In coming quarters, we can see the growth in the African market as well as the US market.
- Harsh:** Perfect. Just one follow up question on this, the landed price would still be competitive in US and Africa post shipping and everything right?
- Arun Kothari:** Yes, definitely.
- Moderator:** Thank you. Next question is from the line of Ankit from JHP Securities. Please go ahead.
- Ankit:** I have one question. So what is the segment wise sales volume for both the segments?
- Kunal Bubna:** Sales volume?

- Ankit:** Yes.
- Kunal Bubna:** Sir, we don't give quarterly volume. It is been given on annual basis only.
- Moderator:** Thank you. Next follow up question is from the line of Sneha Talreja from Edelweiss. Please go ahead.
- Sneha Talreja:** Sir just wanted to understand two bookkeeping questions. Where is the gross debt currently standing at and how is the working capital days in Q1?
- Kunal Bubna:** Working capital days are basically laid aligned with what has been earlier it's around 100- 105 days net working capital cycle. And our gross debt for working capital is around 80 and 40 odd crore long term debt so total debt on the book on gross level is 120 and a net debt of around 105 and 110 crores.
- Moderator:** Thank you. Next question is from the line of Saumitra Joshi, Individual Investor. Please go ahead.
- Saumitra Joshi:** So, I'm a newcomer into this industry. I've been analyzing this, there are two questions that I have from my side. The first one is, I would like to understand from a margin perspective like you've seen a sharp uptick in the margins. Now, if we compare it with our competitors, let's say from the southern side, I will just name them you can ignore it, if you want it, let's say a Hari Om Pipes and a Venus Pipes. What is it that we are doing differently, or our Company is doing differently, that has slowly but steadily the margins are really going up and we are creating that differential between the two that is the first question. And the second question is with respect to see, China has opened up but clearly the Chinese economy hasn't kicked in. So because of that a lot of dumping is happening across the world by Chinese products and that is one reason why the chemical sector is facing a lot of headwinds. Now considering manufacturing into the picture, the same reason does it hold true for Indian pipe companies also especially in exports where a lot of pressure is coming in from China?
- Kunal Bubna:** Yes. Just to take your first question first, basically Hari Om Pipe is not in the SS grade of pipe, welded and seamless manufacturing, it's in a completely entirely different sector. So, it wouldn't be right to compare us with them. So we won't be able to comment as compared to Hari Om Pipe. And see for reason, our EBITDA had been increasing over a period of year as we said we have started with this backward integration, we have been adding a capacity for welded to 48 to 56 inch which very few in the country does. We have been shifting our revenue proportion from trade and stockiest towards, more towards direct sales and going forward also we are moving towards export. And then that backward value chain would be there so, that was a reason which is predominantly increasing our margin. And from the perspective of China we can see what has happened in our industry in the month of December 22 on the seamless pipe and also on the raw

material antidumping implemented by the government of India for five years. So, that really saves the Indian manufacturer from the China dumping being happening here.

Saumitra Joshi: That would be only for India right, when it comes to exports let's say Europe I am not sure if the same anti-dumping?

Kunal Bubna: See, Europe is not taking basically Chinese raw material, , it won't be much affected by China opening for Europe.

Saumitra Joshi: So, basically that would not be impacting the piping sector across, not only Venus but anyone in India will not be able?

Kunal Bubna: So, Europe I am telling basically, Europe side won't be affected.

Saumitra Joshi: That means the entire piping sector as such is not impacted by China?

Arun Kothari: We can't say all the pipe sector, especially for we are talking about the stainless-steel pipe industry, in SS pipe industry, not in the carbon steel or in MF. Piping sector is different in different, different sector, we represent SS pipe industry, in India very few player is having SS pipe facility in India.

Saumitra Joshi: Okay. And in this particular sector because of the anti-dumping duty, there is no threat of China's or in the export pattern?

Arun Kothari: Yes.

Moderator: Thank you. Ladies and gentlemen we will take that as a last question. I now hand the conference over to the management for closing comments.

Arun Kothari: I take this opportunity to thank everyone for joining the call. We will keep updating the investor community on a regular basis for incremental updates on your Company. I hope we have been able to address all of your queries. For any further information kindly contact SGA our Investor Relationship Advisor for your Company. Thank you once again.

Moderator: Thank you very much. On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us, you may now disconnect your lines. Thank you.